

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Audit of Miscellaneous Expenses for the
Period October 1, 2009 to December 31, 2009**

Report No. 10-AUD-11

June 25, 2010





Metro

Los Angeles County
Metropolitan Transportation Authority

Office of the Inspector General
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DATE: June 25, 2010

TO: Board of Directors
Chief Executive Officer

FROM: *Jack Shigetomi*
Jack Shigetomi
Deputy Inspector General - Audits

SUBJECT: **Audit of Miscellaneous Expenses for the Period
October 1, 2009 to December 31, 2009 (Report No. 10-AUD-11)**

INTRODUCTION

This report covers the period October 1, 2009 to December 31, 2009. Our Audit of Miscellaneous Expenses was performed pursuant to Public Utilities Code (PUC), Section 130051. The Section requires that the Inspector General report quarterly to the Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors on certain miscellaneous expenses such as travel, meals and refreshments, private club dues, and membership fees.

OBJECTIVES AND SCOPE OF AUDIT

The objectives of the audit were to determine whether sampled expenses were:

- ▲ Reasonable and in accordance with policies.
- ▲ Adequately supported with receipts, proper approvals, and other appropriate documentation.

The audit included review of seven general ledger expense accounts such as Training, Business Meals, Mileage/Parking, Schedule Checker, Seminar and Conference Fees, Business Travel, and Other Miscellaneous Expenses. For these seven accounts, expenditures totaled \$1,250,958 during October 1, 2009 through December 31, 2009 after excluding transactions that were \$200 or less, adjustments, and credits. We statistically selected 47 expenditures totaling \$73,805 for review, see Attachment A for details. The statistical procedures we applied resulted in no transactions being selected for accounts Relocation and Employee Activities for the quarter.

The audit was conducted in accordance with Government Auditing Standards and included such tests of the procedures and records, as we considered necessary under the circumstances. During the audit, we did not test the reliability and accuracy of the Financial Information System, which processed the transactions we reviewed. Our conclusions are based on the audit results of the transactions reviewed during this audit.

RESULTS OF AUDIT

The expenses we reviewed for the period October 1, 2009 through December 31, 2009 generally complied with policies, were reasonable, and were adequately supported.

However, we found that Metro Purchase Cardholders were inconsistently assigning statement reference numbers to each credit card transaction listed on the Monthly Purchase Card Log, the credit card Bank Statement, and receipts or invoices. For example, one cost center used the 23 digit US Bank Reference Number, another cost center used the transaction post date, and three cost centers used self-assigned sequential numbers beginning with 1 each month. Assigning inconsistent P-card purchase reference number to each purchase on the Monthly Purchase Card Log, Bank Statement, and receipts impedes the review, reconciliation, and approval process of the credit card purchases.

We discussed this matter to the Contract Administration Manager, Procurement. He stated that he has been providing training to cost centers to use the self-assigned method, in which cost centers should simply number the transactions sequentially on the Monthly Purchase Card Log 1, 2, etc., then use this same number on the monthly credit card statement and on the accompanying receipt (see Attachment B for example).

We reviewed the Metro Purchase Card Program procedures on Metro Intranet and found that the procedures for assigning reference numbers are confusing and need clarification. Specifically, the procedures state:

A Monthly Purchase Card Log must be used to record all transactions, to reconcile with the Bank Statement, and to process payment authorization. The information must be typed and be typed and all fields must be completely filled out. The information required includes:

- *A Bank Statement Reference Number must be assigned to each purchase. The number in this column corresponds to the number on the matching receipt. Use current year, statement month and item #. Example: 03-01-A (yr-mo-item)*

- *The Cardholder must add the assigned reference number to the top right corner of the receipt.*

We discussed the above procedures with the Contract Administration Manager, Procurement. He agreed that the procedures need to be clarified and said: *“We’re working on revisions to the website and will incorporate this. We want to simplify the instructions on a number of things.”*

Since the Contract Administration Manager is taking action to clarify the Purchase Card Program procedures, this does not contain any recommendation concerning the above matter.

Summary of Expenses Reviewed

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$14,844	\$2,390
50903	Business Meals	44,317	1,118
50910	Mileage/Parking	3,047	205
50914	Schedule Checkers	3,949	207
50915	Seminar and Conference Fee	60,208	10,445
50917	Business Travel	113,172	12,094
50999	Other Miscellaneous Expenses	<u>1,011,421</u>	<u>47,346</u>
	Totals	<u>\$1,250,958</u>	<u>\$73,805</u>

Monthly Purchase Card Log



LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
 MONTHLY PURCHASE CARD LOG (Rev 010904)
 for the Month of May, 2010

To: Accounts Payable

Business Unit Coordinator: _____ Approving Official Name: _____

Business Unit Name: XXXX Cardholder Name: _____

All fields must be completed and typed:

STATEMENT REF#	CC#	ACCT#	PROJ#	TASK#	DESCRIPTION, WORK ORDER, PURPOSE	VENDOR	Date of Purchase	PURCHASE AMOUNT	TAX mandatory itemization	OTHER (SHIPPING, HANDLING, POSTAGE, ETC.)	TOTAL AMOUNT	DATE ITEM RECD	DISPUTED ITEM / DATE OF CSQI
1	1310	50969	100002	01	Desk plate	NAAG tag	26-Apr	\$ 5.50		\$ 4.50	\$ 10.00	28-Apr	
2	1310	50213	100002	01	Searching for Fraud training	Cal CPA	18-May	\$ 415.00			\$ 415.00	18-May	
TOTAL:								\$ 420.50	\$ -	\$ 4.50	\$ 425.00		

Your signature verifies receipt of all merchandise (except as you noted above) and confirms that all expenditures were for valid business-related purposes.

Card Holder Signature: _____ Approving Official Signature: _____

Date: 6/1/2010 Date: 6/1/2010

Credit Card Bank Statement



U.S. BANCORP SERVICE CENTER
P. O. Box 6343
Fargo, ND 58125-6343

LACMTA

ACCOUNT NUMBER
STATEMENT DATE 05-24-10
TOTAL ACTIVITY \$ 425.00

000018281 1 AT 0.357 106481602883470 P

"MEMO STATEMENT ONLY"
DO NOT REMIT PAYMENT

818 W 7TH STREET SUITE 500
MS 81 5 1
LOS ANGELES CA 90017-3463

We certify that all purchases listed on this statement, unless annotated to the contrary, are true, correct and for official business only. Payment is authorized.

Cardholder 6/1/10 Date Approver 6/1/10 Date

NEW ACCOUNT ACTIVITY					
POST DATE	TRAN DATE	TRANSACTION DESCRIPTION	REFERENCE NUMBER	MCC	AMOUNT
04-27	04-26	NAAG TAG 801-5629400 UT PUR ID: 1 TAX: 0.00	24755410116731164549478	7399	10.00
05-19	05-18	CALIFORNIA CPA EDUCATION 800-9225272 CA PUR ID: L1557558364 TAX: 0.00	24717050139121393679136	8699	415.00

Default Accounting Code: 1310

CUSTOMER SERVICE CALL 800-344-5696	ACCOUNT NUMBER		ACCOUNT SUMMARY	
	STATEMENT DATE	DISPUTED AMOUNT	PREVIOUS BALANCE	\$.00
SEND BILLING INQUIRIES TO: U.S. BANCORP SERVICE CENTER, INC BANK NATIONAL ASSOCIATION ND BOX 6335 FARGO, ND 58125-6335	AMOUNT DUE		PURCHASES & OTHER CHARGES	\$425.00
	\$ 0.00		CASH ADVANCES	\$.00
	DO NOT REMIT		CASH ADVANCE FEE	\$.00
			CREDITS	\$.00
			TOTAL ACTIVITY	\$425.00

Receipt/Invoice



INVOICE

Invoice #:00067429

NAAG TAG
 8833 SOUTH REDWOOD ROAD STE A
 WEST JORDAN, UTAH 84088
 1-800-242-6224
 FAX (801) 562-9408
 LOCAL (801) 562-9400

Bill To:

Ship To:

		CUST. PO#	TERMS	DATE		
			Net 15	4/26/2010		
QTY.	ITEM #	DESCRIPTION	PRICE	DISC %	TOTAL	TX.
1	DP2	DESK PLATE (2 LINE)	\$5.50		\$5.50	
1	HANDLING	HANDLING CHARGES	\$1.00		\$1.00	
1	1PH	POSTAGE & HAND (1-5)	\$3.50		\$3.50	

RECEIVED
 APR 28 2010
 MTA
 OFC OF INSPECTOR GENERAL

PAID ON CREDIT CARD
 BALANCE \$ 0

SALE AMOUNT	\$10.00
FREIGHT	\$0.00
SALES TAX	\$0.00
TOTAL	\$10.00
PAID TODAY	\$0.00
BALANCE DUE	\$10.00

Receipt/Invoice

Checkout

Page 1 of 2



Checkout - Thank You!

Thank you for submitting your payment online! If you provided an e-mail address, you will receive an e-mail confirmation shortly.

Access your online course or online grading from **My Online/Self Study** from **Manage My Account**. Please allow up to two business days for processing prior to accessing your course.

Event Title	Fee
Searching for Fraud: Assessing Risk and Addressing Red Flags	
- nonmember rate	\$415.00
Standard Fee - \$415	
	SHIPPING \$0.00
	TAX \$0.00

	GRAND TOTAL \$415.00

CONFIRMATION

Name on Card	
Credit Card Type	Visa
Credit Card Number	
Amount charged	\$415.00
Reference Number	VLFF5CD6745C

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Metro

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